

MEMORANDUM

STATE OF ALASKA

*Department of Administration
Division of Finance*

To: Human Resource Managers
All Agencies

Date: March 16, 2001

From: Kim Garnero
Director
Division of Finance

Phone: 465-3435

Subject: Streamlined Procedures for Workers' Compensation

The State of Alaska is changing the process used to adjust leave for employees receiving Workers' Compensation payments. This adjustment process, which is required under AS 39.20.225(a), has historically been performed after the fact. Under the previous process, an employee receiving Workers' Compensation payments was kept on full pay, using leave. Then once the paperwork caught up, the Division of Finance adjusted subsequent paychecks for the amount of Workers' Compensation payments received. The calculations were complex, time-consuming and difficult for employees to understand. With the help of a multi-department workgroup, we have simplified the process to minimize inconvenience for employees who are receiving Workers' Compensation.

Effective March 16, 2001 this *retroactive* adjustment process will be replaced with a *concurrent one*. Agencies will simply enter an allocation between leave and Workers' Compensation leave without pay in the initial payroll batch. The percentage allocation will be based on the individual employee's Workers' Compensation benefit. It will be calculated and provided to you by the Division of Finance. Entering time loss into AKPAY in this manner will eliminate the need for all but a final reconciling adjustment.

The Division of Finance will continue its role in calculating and entering the final adjustment into AKPAY. This final adjustment is necessary to account for any differences arising between the Workers' Compensation payments and leave used. You will be notified in advance of the timing and amount of this adjustment, and your role is to communicate the information to affected employees.

The attached flowchart and procedures describe the new process in detail. A significant element of the revised process is agency responsibility to notify your employees about the impact of Workers' Compensation on their paychecks.

Also attached is the new "Workers' Compensation Notice to Employees." This document should be provided to all employees upon receipt of a Report of Injury form.

Many thanks to those who participated in the workgroup that analyzed this process for improvement. I believe the outcome will be increased efficiency and improved satisfaction on the part of employees receiving Workers' Compensation. I am interested in your feedback on the revised process. Please contact me with your comments. Thank you.

Attachments

cc: Jim Duncan, Commissioner of Administration
Sharon Barton, Director of Personnel
Brad Thompson, Director of Risk Management
Mark Minthorn, Payroll Manager
Labor Relations Analysts

Workers' Compensation Procedures

Employee is injured or reports work-related illness.

Supervisor and/or employee *immediately* complete "Report of Occupational Injury or Illness" form and forward to department's Workers' Compensation designee.

Supervisor gives employee copy of Workers' Compensation Notice to Employees.

Department's Workers' Compensation designee receives "Report of Occupational Injury or Illness" form and distributes:

1. Two copies to employee, one requires employee to complete additional information and forward to adjuster
2. Copy to Adjuster
3. Copy to the Division of Risk Management
4. Copy to Alaska Workers' Compensation Board
5. Copy to departmental Human Resource office

Adjuster makes three-point check (employee, supervisor and doctor) to confirm time loss from work-related injury or illness.

Adjuster requests wage verification for employee from the Division of Finance.

Adjuster makes determination to accept or deny claim. Determination is documented on Compensation Report and distributed:

1. Copy to employee
2. Copy to Alaska Workers' Compensation Board
3. Copy to the Division of Finance

Adjuster generates Workers' Compensation payments in Division of Risk Management's Paccaso system. Employee must receive first payment within 21 days of the injury or illness per AS 23.30.155(e).

The Division of Finance calculates the WC LWOP percentage for each employee based on the Compensation Report. This percentage is provided to the employee's departmental Workers' Compensation contact.

Department's payroll staff uses this percentage to allocate time loss between leave and WC LWOP on all subsequent AKPAY batches for the employee while claim is ongoing. Departmental Workers' Compensation contact notifies employee of impact to each paycheck.

The Division of Finance reviews indemnity report from Paccaso system showing all Workers' Compensation payments. As claims are closed, the Division of Finance performs an overall reconciliation of Workers' Compensation payments received and leave used. This reconciliation will result in a final adjustment to the employee's paycheck and leave balance. The Division of Finance will enter the adjustment into AKPAY and inform the departmental Workers' Compensation contact of the timing and amount.

Departmental Workers' Compensation contact notifies employee of impact to paycheck.